

<p>BEACON HR/PAYROLL IMPLEMENTATION PROJECT ISSUE AND RISK MANAGEMENT PROCESS</p>

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1. INTRODUCTION

The issue and risk management process provides a mechanism for the identification, communication, analysis resolution and tracking of issues and risks. An issue is an unplanned event that has occurred that is expected to negatively impact a project's performance in the areas of cost, schedule, or quality. A risk is defined as an uncertainty, liability, or vulnerability that may cause the project to deviate from the defined plan at some point in the future. In other words, a risk is a planned for event, the impact of which is addressed in the risk mitigation plan.

The purpose of the process defined within this attachment is to allow issues and risks to be managed in a disciplined and consistent manner. The Microsoft Enterprise Project Management (EPM) Solution, BearingPoint's standard PM tool suite implemented for the Beacon HR/Payroll Implementation project, electronically enables this risk management process, since issue resolution typically requires coordination and communication among multiple team members. The issue and risk management process consists of procedures that equip the Beacon HR/Payroll Implementation project team to identify, analyze, prioritize, resolve (or mitigate) and potentially escalate issues and risks throughout the project lifecycle. Support for tracking external dependencies is also embedded within this process.

The objectives for issue and risk management include the early identification, continuous tracking, and systematic mitigation of potential threats to the project's cost, schedule, or performance objectives. Issue and risk management objectives will be met through the following activities:

- Encouraging the raising of issues and dependencies for structured resolution as well as addressing potential risks before significant negative consequences occur
- Assigning clear ownership for each risk
- Using the EPM Solution issue and risk management tool to enable the process
- Facilitating the resolution of issues and risks
- Controlling and coordinating the resolution of issues and risks across the project team
- Communicating the resolution of issues and risks to affected stakeholders.

This PMO will review the need to update this process, along with the Risk Management Plan, at the end of each phase of the Beacon HR/Payroll Implementation Project.

2. ROLES AND RESPONSIBILITIES

The Team Leads are accountable for the generation and timely resolution of the majority of project issues and risks. The responsibilities and timeline for issue and risk identification and tracking are associated with roles as defined below.

Figure 2.1 Roles and Responsibilities Matrix

Role	Responsibility
Issue/Risk Originator	<ul style="list-style-type: none"> Identifies issues and risks that could impact the success of the project. (Issue/Risk originators are typically project team members, project leads, the project management team, or stakeholders.) Enters issue and risks into EPM – Project Web Access (PWA) Works with project management team or team lead to assign an issue/risk owner
Issue/Risk Owner	<ul style="list-style-type: none"> Serves as the central coordination point for resolving the issue or managing the risk Develops and documents issue/risk resolution action plan and planned resolution dates Meets established resource and timeline requirements and communicates deviations to the PMO Facilitates issue/risk resolution meetings Initiates and provides oversight of the escalation process when necessary Updates and closes issues/risks within PWA
Other Project Team Members	<ul style="list-style-type: none"> Assist in the resolution of issues/risks for which they are not an Owner
Project Team Leads	<ul style="list-style-type: none"> Serve as vocal/visible advocates for issue/risk management activities Participate in the risk identification and analysis processes as necessary Compile updates to project risks from project team members Hold project team members accountable for performing their issue/risk management responsibilities Assign resources as necessary to effectively control project risks
PMO Lead	<ul style="list-style-type: none"> Manages issue/risk activities performed by PMO staff Prepares issue/risk management portions of weekly and monthly dashboard reports from information generated from the EPM Solution by PMO staff Be an effective advocate for issues/risk management activities
PMO Team	<ul style="list-style-type: none"> Performs weekly review of issue/risk status for the project Generates issue/risk reports Participates in the management of issues/risks that are escalated to the project management team or project sponsor Provides oversight of cross-project issue/risk analysis and coordinates management activities

Role	Responsibility
	<ul style="list-style-type: none"> • Uses PWA to manage issues and risks originated by the PMO
Project Issue / Risk Analyst	<ul style="list-style-type: none"> • Oversee the accuracy and completeness of the risk and issue databases • Generate reports to support issue and risk database oversight
BearingPoint Project Manager and Deputy Project Manager	<ul style="list-style-type: none"> • Escalate strategic project issues/risks to the Beacon HR/Payroll Implementation Project Manager and oversee their resolution • Be accountable for the identification, analysis, and control of project issues/risks • Provide for the timely assignment of adequate resources to issue/risk management activities • Enforce the timely completion of all activities defined in the Issue and Risk Management Process • Conduct activities to control project issues/risks as the project team escalates them to the BearingPoint project management team for action. • Report strategic issues/risks to the ESC through status meetings and reports and follow these items to conclusion
State Program Director and Deputy Program Director	<ul style="list-style-type: none"> • Perform advocacy for issue/risk risk management activities • Assign adequate State resources to risk management activities • With the BearingPoint project management team, enforce the timely completion of all activities defined in the Issue and Risk Management Process • Facilitate activities to control project risk as the project team escalates them for action • Report strategic issues/risks to State executive management through status meetings and reports and follow these items to conclusion
State Executive Management	<ul style="list-style-type: none"> • Provide sufficient resources for the proper conduct of risk management • If called upon, serve as an advocate for risk management activities • Support activities to control project issues/risks as the project team escalates them to State executive management for action.

3. ISSUES/RISKS MANAGEMENT TOOL

The PMO will use the Microsoft EPM Solution, for managing project issues, risks and schedule. This tool set, based in Microsoft Project Server, provides:

- An intuitive and simple user interface
- The ability to link tasks, risks and issues together to highlight dependencies and impacts across the project
- Powerful reporting and filtering features to track issues

Project Web Access (PWA) is the Internet based component of the EPM Solution that is used to access a project's issues/risks repository. It operates using Internet Explorer and allows users to access the system without installing software on their computer. From PWA, team members can add or update a project's issues/risks, view issues/risks, sort issues/risks by pre-determined fields and print an issues/risks list.

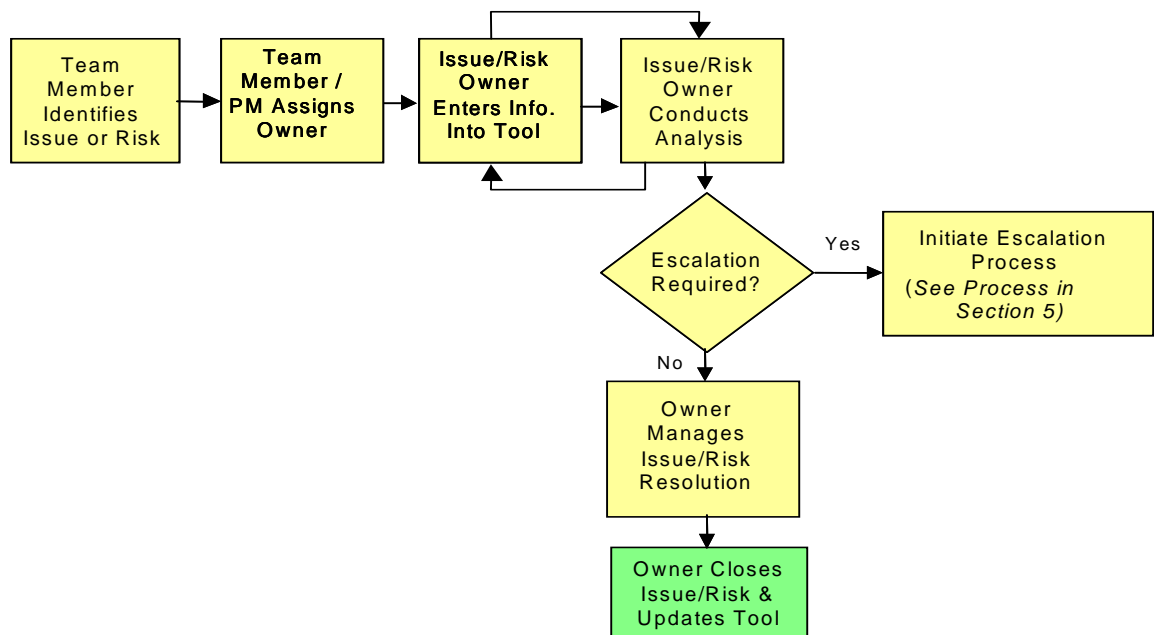
To gain access to PWA:

1. Go to <http://camconsole.myloadspring.com>
2. Login using your user name and password
3. Click the icon for Project Web Access
4. Re-enter your user name and password (you can leave Domain blank if prompted)
5. Click on either the Risk or Issue tab at the top of the home page (depending on which you want to view/enter)
6. Select the Beacon HR/Payroll Implementation Project Risk and Issue Repository project for entry of **ALL** risks and issues. Other projects will appear for selection, however, only use the Beacon HR/Payroll Implementation Project Risk and Issue Repository for entry.

4. ISSUE/RISK MANAGEMENT PROCESS

This section describes, step-by-step, the issue and risk management process from identification to completion. This process is based on the risk management lifecycle described in the Risk Management Plan. The phases of this cycle consist of Risk Planning, Risk Identification, Risk Analysis and Risk Control. The following flow summarizes the process:

Figure 4.1 – Issue/Risk Management Process Flow



4.1. Step 1 – Project Team Member Identifies an Issue/Risk

Any individual within the project can identify an issue/risk. Part of issue identification includes gathering all of the information needed to drive issue, as well as interdependency, documentation and resolution. Part of risk identification includes collecting all risk related data needed to compile the necessary mitigation or contingency plan.

4.2. Step 3 – Issue Originator Assigns an Owner

Issue/Risk Originator works with the project management team or team lead to assign an owner and updates the issue/risk management tool with that information.

4.3. Step 2 – Issue/Risk Originator enters Information into PMO Tool

The issue/risk Originator enters issue/risk-planning information in the PMO tool set. See the figures below for the data associated with issues and risks along with views of issue and risk data entry screens.

Figure 4.2 Microsoft EPM Solution Issue Tracking Data

Field	Description
Title	User-designated title of the issue.
Assigned to	The person responsible for executing the plan to resolve the issue.

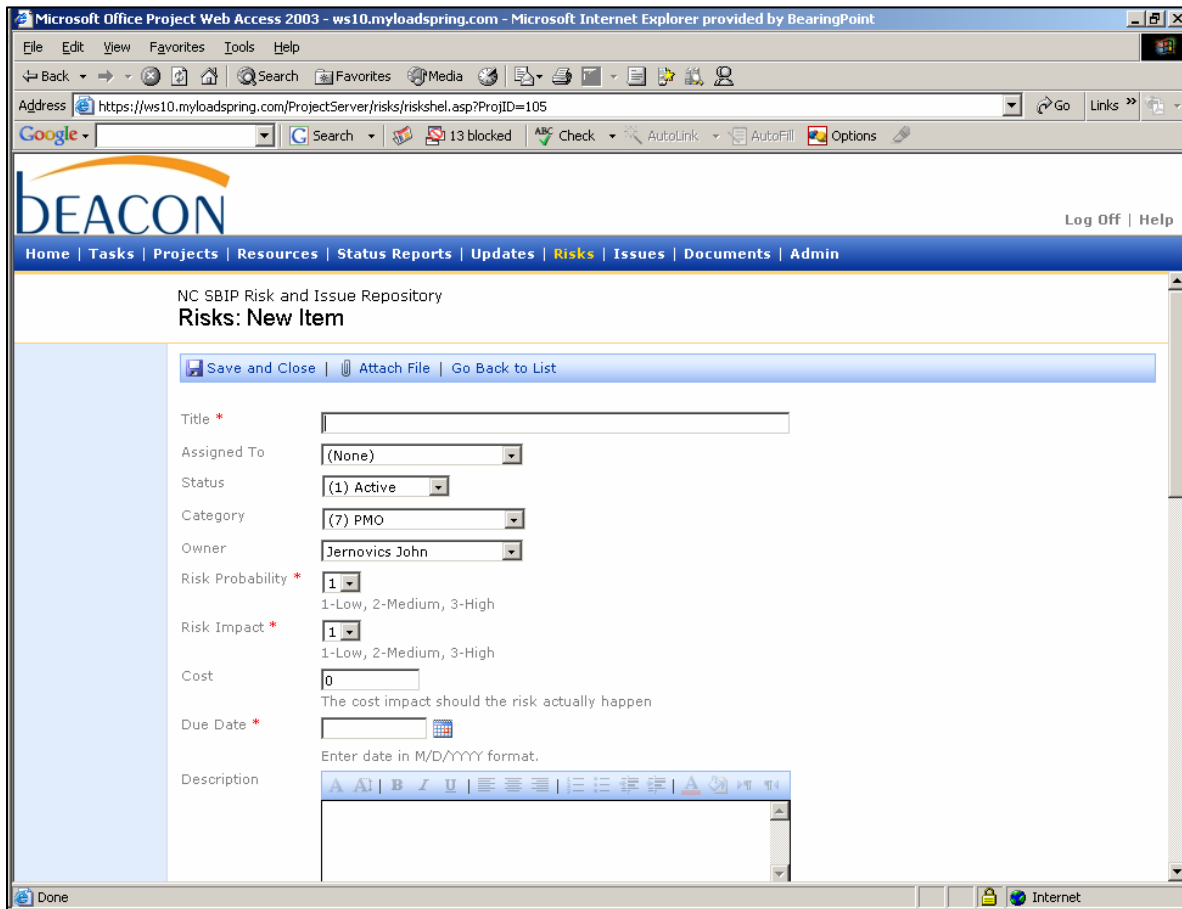
Field	Description
Status	(1) Active – Issues that are open and currently being addressed but are not yet resolved. (2) Postponed – Issues that are currently not relevant to the project but remain unresolved. (3) Closed – Issues that have been resolved.
Project Team	(1) Human Resources, (2) Payroll, (3) Time Management, (4) Technical, (5) Change Management, (6) Integration, (7) PMO
Issue Type	(1) Interdependency (2) Others
Owner	The person ultimately accountable for bringing the issue to closure.
Priority	(E) Escalated (1) Low, (2) Medium, (3) High
Due Date	The due date for resolving the issue.
Discussion	A detailed description of the issue.
Resolution	Steps for resolving the issue.

Figure 4.3 Microsoft EPM Solution Risk Tracking Data

Field	Description
Title	User-designated title of the risk.
Assigned to	The person responsible for executing the plan to resolve the risk.
Status	(1) Active – Risks that are open and currently being addressed but are not yet resolved. (2) Postponed – Risks that are currently not relevant to the project but remain unresolved. (3) Closed – Risks that have been resolved.
Project Team	(1) Human Resources, (2) Payroll, (3) Time Management, (4) Development, (5) Change Management, (6) Integration, (7) PMO, (8) Communication.
Owner	The team member ultimately accountable for bringing the risk to closure.
Probability	The likelihood that the risk will even occur (1=Low, 2=Medium, 3=High) as discussed in the Risk Management Plan.
Impact	The magnitude of impact should the risk event occur (1=Low, 2=Medium, 3=High) as defined in the Risk Management Plan.
Risk Score	The product of the Probability and Impact values.
Cost	The cost impact, in dollar terms, should the risk event occur.
Due Date	The due date for resolving the risk to include a definition of the business impact.

Field	Description
Description	A detailed description of the risk.
Mitigation Plan	Steps for risk abatement.
Contingency Plan	Steps of a contingency plan.
Trigger Event	Event that triggers the initiation of the contingency plan

Figure 4.3 Microsoft EPM Solution Issue Data Entry Screen



4.4. Step 4 – Issue/risk Owner Performs Analysis

For issue owners, this step involves performing technical analyses, soliciting the involvement of subject matter experts, conducting meetings with the necessary stakeholders, etc. to identify issue causes and potential resolution alternatives. The issue owner first assigns the issue to a project team. Project teams include PMO, Change Management, Human Resources, Payroll, Time, Technical Infrastructure, Development and Communication. The issue owner then develops a resolution alternative and enters the alternative as well as the project team into the tool.

When an issue owner identifies the issue as a matter of dependency external to the project, the owner should follow an additional procedure. The issue owner coordinates with the person in charge of the activity, event or deliverable on which the resolution of the issue is dependent. Milestones are then developed in each of the

affected project plans to signify dependency dates. As this milestone date approaches, the issue owner and interdependent project leader coordinate the completion of the dependent activities on time and in a way that does not conflict with the successful completion of the other milestones within their respective projects.

Alternatively, the analysis step for risk owners involves assigning the risk to a project area. Similar to the issue management process, project areas include PMO, Change Management, Human Resources, Payroll, Time, Technical and Integration. Using the provided one to three scale, risk owners then quantify and prioritize the risk based on the negative impact on the project should the risk occur and on the probability that it will occur. Impact and probability are then multiplied to determine the exposure score (on a scale of one to nine). The risk owner chooses the necessary mitigation or contingency plan and enters the information into the tool.

For issue/risk owners, analysis also involves determining the need for escalation. The issue/risk owner may escalate the issue/risk to the project director if deemed necessary.

4.5. Step 5 – issue/risk owner manages the activities for resolving the issue/risk

In this step, the issue/risk owner facilitates execution of the steps for resolving the item. Each week, the PMO generates a report from the PM tool set to view all issues/risks. High priority and or currently due items are discussed in the weekly status meetings. Issues/risks are tracked weekly to resolve and close all items before they impact the project's scope, schedule, or quality, prior to their planned due date.

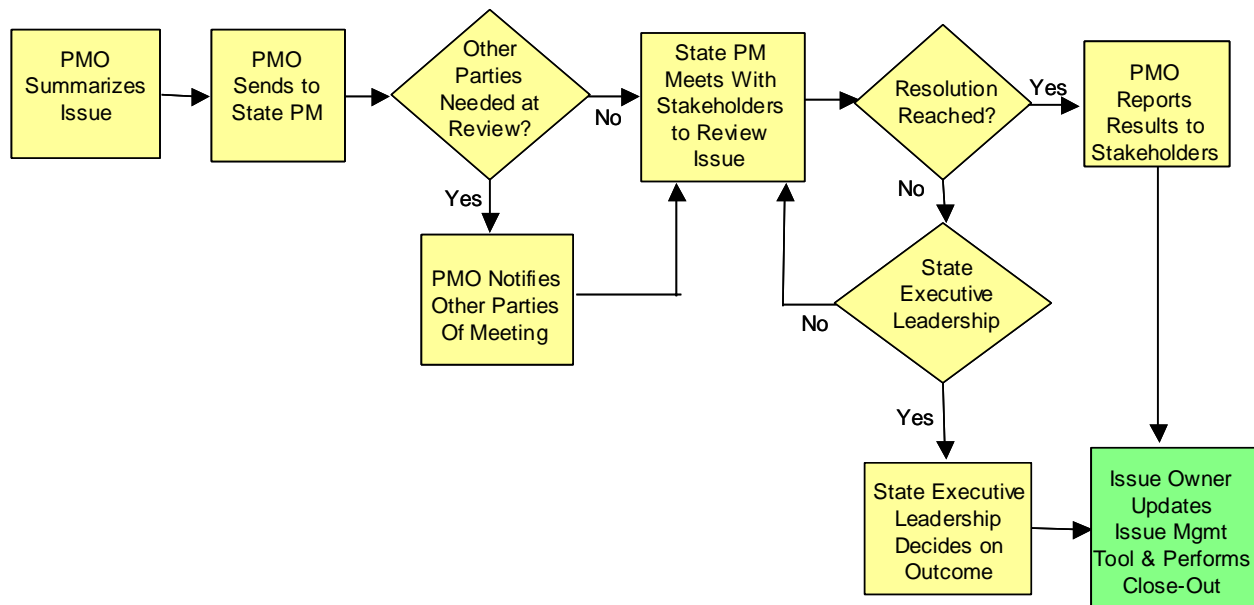
4.6. Step 6– Issue/risk Owner Closes Out the Issue/risk

Once the action steps to close an issue/risk are completed, the issue/risk Owner will change the status in the Project Server to "Closed". The issue/risk resolution action(s) are also entered as part of the closeout step. If there's interdependency, the issue owner closes the status in cooperation with the project lead with whom the interdependency exists.

5. ISSUE/RISK ESCALATION PROCESS

For use in the event that an issue/risk cannot be resolved at the team member or project manager level, an escalation process has been created to elevate the issue/risk to State project or executive leadership. Each step of the process is depicted in Figure 4.1 below.

Figure 5.1 – Issue/Risk Escalation Process



Issue/Risk escalation begins with the PMO completing the Issue/Risk Escalation Template, shown in Figure 4.2.

Figure 5.2 - Issue/Risk Escalation Template

SECTION A	SECTION B
Owner:	Project Server ID:
Project:	Date Received:
Project Director:	Status:
Probability: <i>[for Risk only]</i>	Decision Date:
Decision Date Required:	Action Date:
Date Resolution Required:	Date Closed:
Dependency Other	
Description of Issue/Risk: <i>[Described in a manner that is clear to someone unfamiliar with it]</i>	
Description of Dependency: <i>[If checked above]</i>	
List Stakeholder(s) Affected: <i>[Those effected within the project or across Transformation projects]</i>	
Description of Impact and Consequences of Not Addressing: <i>[Description of impact to scope, functionality, business benefits, schedule, quality, etc. and includes stakeholders who will assess the impact]</i>	
Customer Requirements for a Solution: <i>[Considerations, assumptions or constraints such as technical issue solution requirements, political constraints, etc.]</i>	

The PMO refers the issue/risk to the State Program Director who participates in the necessary activities to resolve the issue/risk. The State Program Director determines the need to further escalate the issue/risk to executive leadership. While it is difficult to establish a universal rule for when an issue/risk should be escalated, it is generally advisable to escalate only those issues/risks that are impacting the schedule, cost or resources of the project and cannot be resolved without the input of higher levels of management.

Issues/Risks that are escalated are typically those that:

- Require the influence and support of the State Program Director or executive leadership

- Affect other State projects and require executive level decisions from the project managers or project sponsors of those projects
- Significantly delay completion of the project
- Expand project scope, or
- Result in increased cost/resources to continue or complete the project.

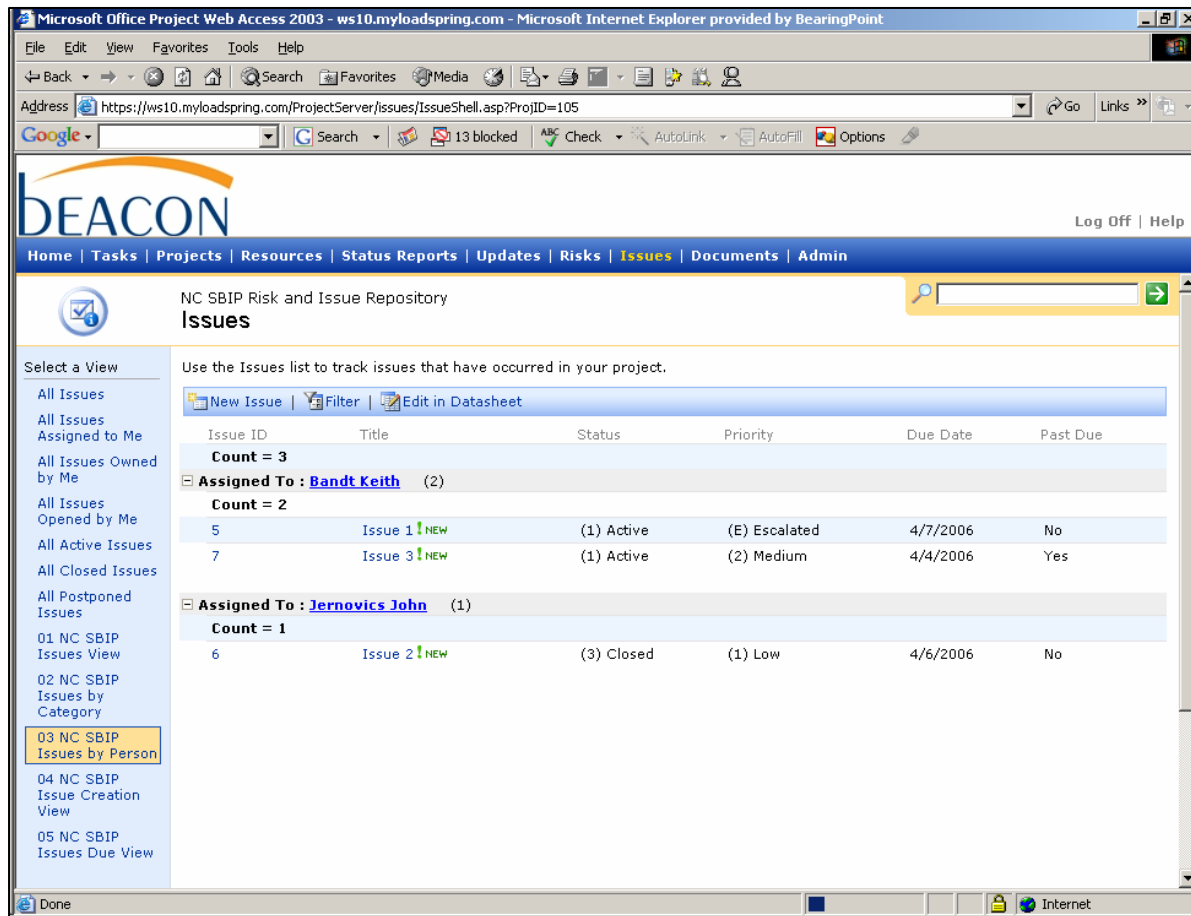
6. ACCESSING AND VIEWING ISSUE/RISK SUMMARIES

Once a user has logged on to PWA, the user may view Issue or Risk summary listing by selecting either the Issue or Risk option located on the blue toolbar on the PWA home page.

To create an Issue or Risk summary, select View Reports from the Actions category on the lower left side of the PWA Screen. When View Reports is selected, the user will be provided the option of choosing one of four view options. Once chosen, additional sorting options will become available. These views and a brief description are listed below:

- Issue by category: This view displays issues by category.
- Issues by person: This view displays the number of issues assigned to any team member. An example is presented below:

Figure 6.1 – Microsoft EPM Solution Summary Issue View – Issues by Person



- Issues created over a date range: This view displays the number of issues created over a given date range
- Issues for a date range: This view tracks different types of issues for a given date range.

In addition to these views, the PMO has developed two custom views that can be accessed by selecting either the *Escalated Issues View* link or the *Overdue Issues View* link located below the *View Reports* option listed above. These view and a brief description of each are listed below:

- Escalated Issues View: This view selects all escalated issues and groups them by team. It also counts the number of issues that have been escalated and displays a preview of each escalated issue
- Overdue Issues View: This view compiles all issues where the due date has passed but the issue remains "Active". Issues are grouped by teams and tallied for a total number of past due issues. A preview of each issue appears in a box.

An third custom risk report, the Project Risk Map, will be produced outside of the EPMO Solution environment
Project: The Project Risk Map displays the number of risks currently unresolved arrayed by the dimensions of business impact and probability of occurrence. Matrix cell colors risk score for the risks assigned to the cell. Risks with values ranging from 1 and 2 are assigned a “low” priority (Green), those with values of 3 and 4 a “medium” priority (Yellow) and those with values of 6 and 9 a high priority (Red).

Figure 6.1 - Project Risk Map Example

